



STATEMENT FOR THE RECORD

SUBMITTED TO THE

SPECIAL COMMITTEE ON AGING
AND
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
U.S. SENATE

ON

IN SEARCH OF A SECOND ACT:
THE CHALLENGES AND ADVANTAGES OF SENIOR ENTREPRENEURSHIP

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Introduction

AARP is a nonprofit, nonpartisan organization with a membership of nearly 38 million that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities, and protection from financial abuse. Roughly 40% of all AARP members are employed either full- or part-time, and advocacy on behalf of older workers has long been an AARP priority. AARP appreciates the opportunity to submit this statement for the record on Encore Entrepreneurship.

AARP is deeply committed to helping experienced workers achieve their employment goals and turn dreams into real possibilities. We are the leading advocate in Congress and the courts to combat age discrimination and, more recently, have supported efforts to address discrimination against the long-term unemployed, who are disproportionately older jobseekers. We also recognize best-in-class workplace practices and policies, highlighting employers of choice, and connecting people to trusted resources and peer networks. AARP offers a multitude of programs and resources on finding and keeping a job, including:

- “Life Reimagined for Work,” which links jobseekers to jobs and to employers who have pledged to value and consider older applicants on a level playing field.
- “Best Employers for Workers over 50,” a program we cosponsor with the Society for Human Resource Management (SHRM) that recognizes firms that have implemented new and innovative policies and best practices in attracting and retaining older workers.
- “Back to Work 50+,” a sector-driven, employer-focused program launched by the AARP Foundation that connects employers and training providers with unemployed or underemployed 50+ workers.

Rising Interest in Entrepreneurship

Another important facet of AARP’s work on behalf of older workers is our self-employment initiative in support of those age 50+ who want to start their own businesses.

As of 2012, about 7.7 million self-employed workers in the U.S. are age 50 or older.¹ Several factors, including the aging of the workforce, possibly combined with the severe economic recessions of recent years and increased interest in entrepreneurship, has led to a rising share of new entrepreneurs in both the 45-54 age group (from 23.9% of total new entrepreneurs in 1996 to 26.3% in 2012) and in the 55-64 age group (from 14.3% in 1996 to 23.4% in 2012).² Based on a recent AARP study of 1,500 adults aged 45-74, 15% of older workers are self-employed,³ with more than three in ten of them reporting starting a business due to job loss.⁴ Another 13% of those 45-74 are currently in salaried jobs but say they plan to start a business when they retire⁵ – in other

¹ AARP Public Policy Institute calculations based on March 2013 U.S. Census Bureau’s Current Population Survey data.

² R. Fairlie, *Kauffman Index of Entrepreneurial Activity: 1996-2012*, at 12, Fig 5B: Changes in Composition of New Entrepreneurs by Age (1996, 2012) (April 2013), available at http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2013/04/kiea_2013_report.pdf.

³ See AARP Research, *Staying Ahead of the Curve 2013: AARP Work and Career Study - Older Workers in an Uneasy Job Market* 13, Table 1: Current Employment Status (Jan. 2014), available at <http://www.aarp.org/work/on-the-job/info-01-2013/staying-ahead-curve-work.html>.

⁴ *Id.*, at 85 (Q20).

⁵ AARP, *Staying Ahead of the Curve 2013: AARP Multicultural Work and Career Study Snapshot of the Self-Employed* 1 (Nov. 2013), available at

words, to become “Encore Entrepreneurs.” One in four Americans between the ages 44 and 70 are interested in starting their own business or nonprofit venture in the next five to 10 years.⁶

AARP – Small Business Administration Collaboration

To help meet the needs of “encore entrepreneurs,” AARP and the U.S. Small Business Administration (SBA) joined forces in 2012 to mentor, counsel, and educate Americans age 50 and over on how to start or grow a small business. Through this strategic alliance, AARP and SBA together connected the 50+ population to small business development resources, including online courses, live workshops, conferences, and mentoring programs.⁷ On October 2, 2012, SBA and AARP led a National Encore Entrepreneur Mentor Day hosting more than 60 events nationwide that were attended by almost 3,000 people. We expanded Mentor Day to a Mentor *Month* that took place in April 2013, with 40 AARP state offices producing 107 events in conjunction with their local SBA counterparts. Those in-person events reached over 5,200 people. As of year-end 2013, the AARP-SBA collaboration has connected upwards of 119,000 individuals with tools and resources on starting and maintaining a business.

A core element of this initiative has been the development of a collection of resources made available free to the public. In addition to the locally based in-person events mentioned above, AARP resources have included:

- A dedicated website – www.aarp.org/StartABusiness – for interested persons to easily locate AARP and SBA resources
- An online quiz to assess readiness to start a business (approximately 23,000 users as of year-end 2013)
- A webinar series, including 10 separate online events, focusing on issues from writing a business plan and finding financing to marketing a small business (approximately 26,000 registrants participated as of year-end 2013)

An important part of these informational programs is ensuring that would-be entrepreneurs are aware of some of the pitfalls of starting a business. For instance, because so many new businesses fail, AARP is careful to warn participants that it is not a good idea to use one’s retirement savings to finance the venture, and to inform them that other sources of financing are available.

AARP and SBA plan to continue our alliance in 2014. The month of April again has been designated as National Encore Entrepreneur Mentor Month, during which AARP will work with SBA and its partners to leverage AARP’s network to introduce existing and future encore entrepreneurs to our resources. It is also an opportunity for AARP to expose interested members to the resources SBA has available to help them in starting and growing a business. Local events are already being planned by at least 25 AARP state offices and SBA district offices, and our 2014 webinar series will begin April 3 with a session on assessing readiness to start a small business.

Footnote 5 cont’d

http://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2013/Staying-Ahead-of-the-Curve-Self-Employed-Corrttd.pdf.

⁶ Encore.org, *Encore Entrepreneurs: Creating Jobs, Meeting Needs* (2011), available at

<http://www.encore.org/files/EntrepreneurshipFastFacts.pdf>.

⁷ For these jointly sponsored events, the SBA tapped its designated resource partners, including the Women’s Business Centers (WBC), Small Business Development Centers (SBDC), and SCORE, a non-profit mentoring program. These partners provided much of the subject matter expertise in the form of spokespersons and informational materials.

Empowering Encore Entrepreneurs Act of 2013

AARP's collaboration with the SBA has been a purely voluntary effort; AARP has neither received any grants for this project nor are we seeking grants in the future. However, we recognize that other nonprofit organizations that could be valuable partners with the SBA in similar endeavors may require some support to engage in these activities.

This is why AARP supports Senator Landrieu's proposal (S. 1454) to expand and formalize the SBA's capacity in this field. By directing the SBA Administrator to create an Encore Entrepreneur program to collaborate with and make grants to the nonprofit groups, S. 1454 would increase the resources available, such as technical assistance, mentoring, and training for encore entrepreneurs to start or expand their business. AARP particularly appreciates that programs serving the long-term unemployed would be among those that receive special consideration for funding; once jobless, older workers experience far longer spells of unemployment, on average, than younger workers.

AARP commends both the Special Committee on Aging and the Committee on Small Business & Entrepreneurship for their attention to this important employment option for older workers.